



# State Senator Tupac A. Hunter

*Serving the 5th District Constituents in  
Detroit, Dearborn Heights & Inkster*

## Michigan Legislative Report



MICHIGAN STATE SENATE  
**TUPAC A. HUNTER**  
STATE SENATOR • 5TH DISTRICT

*Dear Friend:*

*As I embark on the second half of my first year as your Senator, I remain optimistic and enthusiastic about the challenges and opportunities ahead. I am very proud of the legislation I have sponsored, as well as the many events and activities I have been invited to participate in and support. I've been privileged to meet many of you face-to-face and many more through your letters and e-mails. And I look forward to increasing that number even more as my term progresses.*

*As ranking member of the Senate Banking and Financial Institutions committee, I remain committed to fighting for fair and equitable mortgages for all citizens. I am particularly concerned with the increasing number of foreclosures we are currently experiencing. This has been a severe problem for many Michigan residents and it threatens the economic viability of our state. That's why I have supported legislation that attempts to combat the increasing foreclosure rate, and why I plan to introduce several initiatives in the near future.*

*I know that a healthy Michigan cannot come from a state experiencing declining home ownership. We must educate the public on how to deal with possible foreclosures while ridding the mortgage industry of unscrupulous players.*

*But I am reminded daily of the work yet to be done. My future plans include continuing my work for legislation that will protect consumers from fraudulent lenders, improve financial literacy, and restore professionalism to both the lending and the appraisal process. (See page 3.)*

*Meanwhile, I remain motivated and encouraged by your support as I continue to work to protect the health, safety and quality of life of each and every one of you. I hope you will continue to share your concerns and ideas as we work together to bring Michigan forward.*

*Sincerely,*

Tupac A. Hunter  
State Senator

## How to Contact Me

State Senator  
**Tupac A. Hunter**

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### Website

[www.senate.mi.gov/hunter](http://www.senate.mi.gov/hunter)

# Protecting Your Home From Financial Disaster

We are all aware of the dangers that events like fire, wind, and rainstorms can pose to our homes, and we take many safety measures to protect against those events. But there is a new danger lurking these days in Michigan, a threat that could cause you to lose your home entirely. These dangers come in the form of mortgage fraud or mortgage debt elimination schemes.

In May 2007, Michigan ranked eighth in the nation in home foreclosures. And there are many unscrupulous vendors whose schemes could leave you without a home and cost you thousands of dollars. Here are some tips you can follow to protect against such scams.

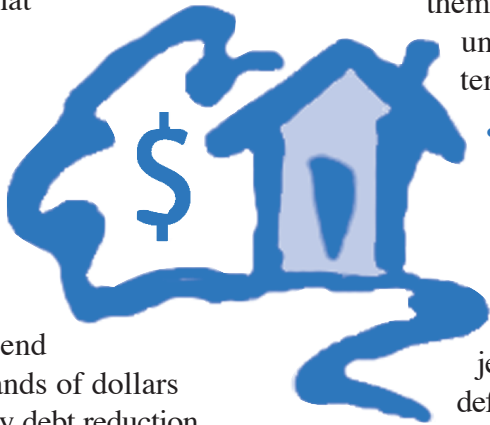
- Be aware of e-mails or on-line advertisements that promote the elimination of mortgage loans, credit card and other debts, especially if they request upfront fees. Borrowers often end up paying thousands of dollars without seeing any debt reduction.
- Watch for scammers who mislead homeowners into believing they can save their homes in exchange for a transfer of the deed, usually in the form of a quit-claim deed, along with large upfront fees. The perpetrator profits by re-mortgaging the property or by pocketing the fees without preventing the foreclosure. The victim suffers the loss of the property as well as the fees.
- Always be wary of offers to “save” homeowners at risk of defaulting on loans or whose houses are already in foreclosure. It’s important that you understand there is no magic cure-all that will eliminate all your debts.

If you are a potential home buyer, there are also precautions to take before you purchase:

- Research prices of comparable homes and tax assessments to verify the value of the property. Also review the title history to

determine if the property has been sold multiple times in a brief period (“flipped”) which would cause the property to be falsely inflated.

- Shop for a lender and compare costs. Beware of unsolicited high-pressure sales techniques. Don’t let anyone convince you to take on a loan that you cannot afford to repay.
- Never allow anyone to convince you to make a false statement on a mortgage application (*i.e.* inflating your income, misstating the source of your down payment, or exaggerating the length of your employment).
- NEVER sign a blank document!
- Read all documents carefully and have an outside source review them if you do not understand all the terms and conditions.
- Be sure that all of your personal information is accurate.



If you are in jeopardy of defaulting on a loan or mortgage, be sure to seek out a qualified credit counselor to help. Housing counseling agencies can offer expertise on buying, renting, defaults, foreclosures, and reverse mortgages. From the Attorney General’s Office of Consumer Protection to the free services of Legal Aid agencies, there are many resources available.

If the deal you are offered sounds too good to be true, it probably is. Your house is likely your biggest lifetime financial investment. A few extra hours of precaution and research can save you thousands of dollars, months of worry, and ultimately your home.

## Protecting Against Predatory Lenders

According to a recent National Community Reinvestment Coalition (NCRC) survey, the Detroit metropolitan area ranks fifth-worst in the country in high-cost refinancing for minorities, women and low-income groups. Here are some things to look for when seeking a loan:

**Excessive Fees –** Predatory lenders often sell consumers unnecessary or expensive additional coverages like credit life insurance, credit disability insurance or unemployment insurance. Lenders automatically include these coverages without the borrower’s approval, then try to delay a loan closing if the borrower tries to decline the coverage.

**High Interest Rates –** Predatory lenders charge interest rates up to 20% because subprime borrowers with limited resources are often willing to pay for credit at any price.

**Prepayment Penalties –** Lenders use prepayment penalties to discourage borrowers from refinancing, locking them into high-interest rate mortgages for the lifetime of the mortgage.

**Incomplete Disclosure and Fraud –** Lenders structure closings so that borrowers have no opportunity to ask questions and threaten to delay the closing if the borrower challenges the terms.

## Helpful Agencies and Numbers

Housing Counseling Agency: 1-800-569-4287

Michigan Legal Services: 313-964-4130

United Community Housing Coalition: 313-963-3310





# Leaders' Summit Addresses Housing Crisis

On Monday, June 11, 2007, Senator Tupac A. Hunter hosted leaders from across Southeast Michigan at the 2007 Housing Public Policy Summit. The purpose of the Summit was to assemble intellectual community, business, labor and elected leadership to discuss the looming housing crisis in Metro Detroit. These leaders included representatives from financial institutions, community groups, local elected officials, and several of Metro Detroit's nonprofit housing organizations.

These leaders were charged with developing recommendations that can be formulated into actions to compliment ongoing efforts to curb the problem of foreclosures in communities across the region.

The 2007 Housing Summit was a great success. The information and ensuing discussion resulted in several possible legislative initiatives. These include: better regulation



of the lending industry, including licensing of loan officers to assure their knowledge of and adherence to banking industry practices, and simple and understandable mortgage forms. We also must find ways to slow the deterioration of property values in our communities.

Both the Senate and the House will be introducing foreclosure protection legislation during the coming months.

## Protecting Against Foreclosure

The following are some suggested actions you should consider if you or someone you know is facing foreclosure:

**Refinance –**  
If you have adequate equity and you are not more than 90 days delinquent, refinancing your loan will allow you to roll the delinquent payments into the new loan so the homeowner starts with no past-due balance. Sometimes the refinanced loan will have a lower interest rate or lower monthly payments than the original loan.

**Debt Restructure –**  
In some cases you can negotiate a repayment plan with the mortgage lender or a professional financial manager to catch up on payments over time.

**Chapter 13 Bankruptcy –**  
A Chapter 13 filing will automatically stop all collection actions, including foreclosure, while the bankruptcy is pending. It will then allow the borrower to catch up past-due payments over a 3- to 5-year timeframe.

**Sell the property –** If you have adequate equity, selling will allow you to stop foreclosure. But if equity is limited, a sale can be difficult because you need to cover the mortgage, selling costs, and possibly a realtor commission.

**Whatever you decide, do SOMETHING.** Not taking action can threaten possibly your biggest lifetime investment. Protect your property and security by talking with a professional about your situation today.

## Predatory Lending Bills

*The professional practice of lending has been evolving with crooked applicants and untrained mortgage brokers. In order to raise the standards of the mortgage lending and brokering practice, we must identify and increase the penalties for these lenders. Consumers continue to be victimized by the mortgage loan officers that engage in these activities and can fall victim to predatory lending if not properly informed. There is a continuous liability to our communities if these practices aren't regulated and modified. Here is a summary of the anti-predatory lending bills I am supporting:*

**Senate Bill 342 (S-1), Senate Bill 343 (S-2), Senate Bill 356 (S-2)**  
These bills would prohibit a person from inducing or coercing an appraiser in order to receive a predetermined appraisal. They would also prohibit an appraiser from delivering an appraisal that was the result of conditions set by a client in order to receive a predetermined appraisal value. In addition, they would revise criminal penalties and civil fines for violating the Mortgage Brokers, Lenders, and Servicers Licensing Act or the Secondary Mortgage Loan Act.

Penalties could be increased to \$3,000 per violation to a maximum of \$30,000 and/or imprisonment of up to one year.

**House Bill No. 4596**  
This bill would enforce and regulate the amount of instructional courses that a licensed mortgage loan officer must complete in order to successfully submit an application for licensure. The bill also regulates the reissuing of licensures for mortgage brokers. In addition, the bill ensures that the curriculum, materials, and methodology that are provided to the applicant are approved and consistent with the rules set by the Office of Financial and Insurance Services. The department may suspend or revoke the approval of a person for a violation of the rules under this section of the bill. This bill would ensure that the licensed mortgage loan officers and brokers are properly trained, supervised, and compliant with the regulations that are set to protect consumers.

*It is my hope that by reducing the number of mortgages based on inflated property appraisals, these bills would help prevent situations that can result in foreclosure.*



State Senator  
Tupac A. Hunter

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July 2007

Senator Hunter Named  
Legislator of the Year!



Senator Hunter received the 2006 Michigan Credit Union League (MCUL) Legislator of the Year award from MCUL Governmental Affairs Committee chairman Ron Bigelow on March 14, 2007.

The Hunter E-News Report



Senator Hunter’s E-News Report is up and running, and we would love for you to be a part of it. To subscribe, please send your e-mail address to [SenTAHunter@senate.michigan.gov](mailto:SenTAHunter@senate.michigan.gov) and write “e-news add” in the subject line.

You may also check out the Senator’s latest activities in Lansing and in the district by visiting his Senate website at [www.senate.mi.gov/hunter](http://www.senate.mi.gov/hunter).

Talk Time  
With Tupac

Senator Tupac A. Hunter has scheduled three coffee hours to give district constituents an opportunity to personally share their ideas and concerns.

Locations are as follows:

**Detroit: Mary’s Grill**  
**20804 Plymouth Road**  
All coffee hours are held on the 1st Friday of the month from 10-11AM starting August 3.

**Inkster: McDonald’s**  
**27125 Cherry Hill**  
All coffee hours are held on the 2nd Friday of the month from 10-11AM starting August 10.

**Dearborn Heights: McDonald’s**  
**6412 North Telegraph Road**  
All coffee hours are held on the 3rd Friday of the month from 10-11AM starting September 21.

We hope you will join us in this informal conversation!

WHAT’S ON YOUR MIND?

I hope you’ll take a minute to return this form to the address above and tell me what’s foremost on your mind as Michigan attempts to weather these challenging times. It’s another way to keep communications open as I work to put you first in crafting legislation that will promote your safety, provide educational opportunities, and protect the health and well-being of all residents.

My number one concern right now is \_\_\_\_\_

I would like more information about \_\_\_\_\_

Name \_\_\_\_\_ Address \_\_\_\_\_

City/Zip \_\_\_\_\_ Phone (     ) \_\_\_\_\_ E-mail \_\_\_\_\_